

BENEFITS BULLETIN

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LONG TERM CARE INSURANCE -- ANOTHER LINK IN YOUR SAFETY NET

This fall (during the upcoming Annual Change Period described on page 2), your employer will be offering another benefit option which you may purchase at favorable group rates to meet your individual needs. This new benefit option is **LONG TERM CARE INSURANCE**, and you may purchase it for yourself, your spouse, an eligible parent or parent-in-law. The Employee Benefits Bureau, in cooperation with the Montana University System, is currently completing a Request For Proposal (RFP) process to select an insurance provider. Final selection is awaiting Best and Final Offers from three finalists and a final recommendation by the State Employee Group Benefits Advisory Council and the Montana University System Benefits Committee.

Employees are encouraged to begin assessing their need for this optional benefit by reviewing the following description of **LONG TERM CARE INSURANCE**

What is LONG TERM CARE?

Long term care involves a wide variety of services for people with a prolonged physical illness, disability or cognitive disorder (such as Alzheimer's Disease). It may be full time nursing home care, part time adult day care or less intensive home health or assisted living facility care designed to help people with chronic conditions compensate for limitations in their ability to function independently.

Why LONG TERM CARE INSURANCE?

Long term care Insurance protects its members against ruinous long term care costs. At an **average cost of \$100 per day or \$36,500 per year**, nursing home care can soon deplete the assets of most families. Home health services, averaging half the cost, can do so as well. Many people mistakenly believe these costs are covered by health insurance, Medicare or Medicaid. In fact, only Medicaid provides any significant long term care benefits and only after family assets are depleted.

What does LONG TERM CARE INSURANCE COVER?

Few long term care policies are alike. They differ in:

- > Benefits -- Services covered,
- > Benefit Amounts -- Daily dollar maximums payable,
- > Benefit Duration -- Number of days/years covered,
- > Deductible -- Waiting period before covered services are paid, and numerous other features. As with all insurance policies, more comprehensive services and coverages cost more.

LONG TERM CARE continued on page 2

LONG TERM CARE continued from front page...

Policy features and options requested for State employees were based on research of common features and costs and preferences expressed by employees and retirees in 14 focus groups held around the State. Requested features include:

BENEFITS: The choice of:

1. A Comprehensive plan including:
 - ◆ nursing home care (skilled, intermediate and custodial);
 - ◆ bed reservation benefit to hold a nursing home bed for a few days when a patient is hospitalized;
 - ◆ assisted living facility benefits;
 - ◆ home health care: physical, occupational and speech therapy; personal care; homemaker services and nursing care;
 - ◆ adult day care;
 - ◆ respite care to relieve family or other care givers;
 - ◆ elder care information and referral/case management services.or
2. A Facility only Plan (nursing home and assisted living facility) -- if these more limited services can be purchased at a lower cost.

BENEFIT AMOUNTS: A daily maximum benefit of \$100 per day for nursing home care and 50% of that amount for other long term care with two options for staying abreast of cost inflation: 1. Purchasing automatic inflation protection of 5% compounded annually; or 2. A periodic opportunity to purchase additional coverage at the rates for the member's age at time of purchase.

BENEFIT DURATION: The choice of a lifetime plan which continues to pay for as long as the patient lives or a three-year "pot of money" plan which is large enough to cover three years of nursing home care (the average amount of nursing home care used) and up to six years of other less costly long term care services. Note: inflation protection, described above, increases the size of the three-year pot of money as well as the daily maximum benefit.

DEDUCTIBLE: A three month deductible or waiting period before covered services are paid. This is the most common deductible. Shorter deductibles significantly increase premiums.

Who will be eligible to purchase LONG TERM CARE INSURANCE?

Benefit-eligible State and Montana University System employees, their spouses, parents and parents-in-law as well as any benefit-eligible surviving spouses and retirees and their spouses who meet evidence of insurability requirements may purchase Long Term Care Insurance.

How does one qualify for benefits?

Qualification for benefits is based upon need or inability to function independently. Insureds who are unable to perform two or more Activities of Daily Living (ADL)s including: eating, dressing, transferring (moving oneself), bathing, continence and toileting are eligible to receive benefits --after meeting the deductible waiting period.

**Watch for more information during
the fall Annual Change Period.**

1998 ANNUAL CHANGE PERIOD

The 1998 Annual Change Period will begin in mid October. The Annual Change Period is the one time per year employees may elect:

- > To change medical plans;
 - > To **delete** dependents from medical coverage;
 - > To delete or add dependents to dental coverage;
 - > To apply for additional life insurance coverage;
 - > To enroll or re-enroll in flexible spending accounts;
- AND FOR THE FIRST TIME**
- > Elect Long Term Care insurance (see front page article)

New CHO Medical Plan Option(s) Expected:

A second (and possibly a third) community based health plan is expected to be available to State employees through Community Health Options -- the multi-employer health purchasing cooperative in which the State plan is participating. CHO is currently finalizing agreements with NEW WEST HEALTH PLAN to make its services available in the Helena, Missoula and Billings communities.

NEW WEST has been recently founded by physicians, hospitals and consumers in Montana with a focus on improving health while controlling costs. It offers 350 primary care and specialty physicians, and expects to eventually provide services throughout the State.

**Watch for more information
during the fall Annual Change**

INSURANCE DEDUCTION CHANGE:

MT Prime, Montana State Government's Project to Reengineer the Revenue & Information Management Environment, is expected to affect the business practices of many State agencies. The new PeopleSoft Human Resource System changes the way monthly insurance premiums are deducted.



Under the current payroll system, insurance deductions are taken approximately 1 to 1½ months in advance of the period of coverage. For example, payroll insurance deductions from the pay period ending June 19th (paycheck received July 1) pay the first half of August's premium and the payroll insurance deductions from pay period ending July 17 (paycheck received July 29) pay the second half of August's premium. This method means that new employees must wait 1 to 1½ months to receive a full month of employer paid coverage and terminating employees receive employer paid coverage 1 to 1½ months after they no longer work for the State.

Under the new PeopleSoft system, insurance payments will be taken **during** the month of coverage. For example, payroll insurance deductions taken on the payday of September 9 will pay the first half of September coverage, and payroll insurance deductions taken on the payday of September 23 will pay the second half of September coverage. Since this is the most common practice, it will make transition between State and other employment easier.

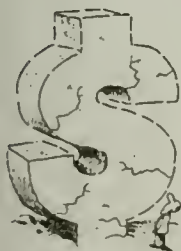
GOOD TRANSITION NEWS:

1. Although the new PeopleSoft system will not be effective until next year, the Employee Benefits Bureau will "transition" to the new method of taking insurance deductions in August 1998. This means that, since August insurance premiums were deducted in June and July under the old method, **NO deductions of employee contributions to insurance premiums will be taken from either paycheck in August (August 12 and 26)--**except for new employees. Deductions will resume in September for September premiums.

Employees who make an out-of-pocket contribution because their total monthly premium costs exceed the State insurance contribution will see an increase in net pay in their August pay checks. It will be slightly less than their contribution due to tax withholding. **Other employees** will see no change.

2. Current employees will retain their right to an extra month of employer paid coverage when they terminate employment or retire as long as they agree to a deduction of any required employee contribution from their final pay check. New employees will begin insurance deduction under the new system and will not be affected by the conversion and will not be eligible for an extra month of employer paid coverage when they terminate.

Please note that ALL other deductions, i.e., FSA, deferred compensation, other elective deductions will still be taken.



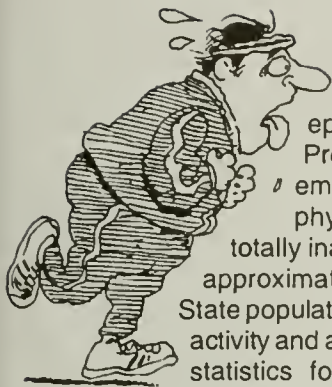
STATE INSURANCE CONTRIBUTION PREMIUM INCREASE:

The monthly State contribution to insurance will increase from \$245 to \$270 on the pay period ending July 31, 1998 - the paycheck received on August 12, 1998. Health and dental insurance premiums for each coverage category (employee only, employee & spouse, etc.) will increase by the same amount. This identical increase in State contribution and insurance premiums results in **NO** difference in employees' net pay. Net pay may be affected as described above.

SICK LEAVE FUND CHANGES

In response to employee and agency requests, a rule change on eligibility criteria for use of the Sick Leave Fund and Direct Grants Program has been drafted. The change modifies ARM 2.21.814 and 2.21.822, changing the 5 days leave without pay criteria to 20 consecutive hours leave without pay before benefits may be received. A public hearing on this rule change will be held on Friday, September 11, 1998, 9:00 a.m. in Room 136 of the Mitchell Building. Contact the Employee Benefits Bureau for copies of the rule change draft.

SPRING FITNESS '98



Physical fitness - or lack of regular sustained physical activity - has become a national epidemic as noted by the Surgeon General with the Centers for Disease Control and Prevention and by the American Heart Association. National, Montana and Montana State employee population specific data all indicate that the majority of American adults are not physically active. Nationally, approximately 60% are not regularly active, with 25% being totally inactive. Within the general State of Montana population, activity levels are slightly better - approximately 55% of adults are inactive or not regularly active. State employees mirror the general State population activity levels with approximately 34% of State employees reporting no regular physical activity and another 20% reporting physical activity of only 1 or 2 times per week. These are frightening statistics for an aging population which is increasingly prone to chronic diseases, such as cardiovascular disease, diabetes and some cancers, which can be prevented, delayed, or the severity lessened through simple lifestyle improvements.

For the past three years, the State HealthBeat Program has offered an 8-12 week "group" Spring Fitness Program. During the first year of the Program, 28 "teams" participated; last year, 63 teams participated; and this year, 125 teams, close to 1,000 State employees, participated. During the Program, employees form "teams" (6 - 8 member); elect a team captain; and report weekly activity levels and/or nutrition attainments to their captain. For each period of sustained activity and/or nutritional attainment, team members are credited established points. At the end of the Program, the teams which have accumulated the most points are awarded prizes by the Governor during a Celebration Ceremony.

This year's "winning" teams and their team members were:

Dream Team

(Transportation)

David Kaste
Bill Rowley
Pat Hoy
Jack Roberts
Ray Cronen
Ron Banks
Jeanne Nydegger
Bradley Bruce

Fitness Challenged

(DPHHS)

Jan Paulsen
Jon Meredith
Kim Brown
Ed Scheibl
Del Bock
Joe Elpel
John Lowney
John Lavalney

Rev'n Shoes

(Revenue)

Elaine Kitto
Annette Rinehart
LeRoy Beeby
Linda Wilhelm
Robin Sayler
Bob Yost
Becky Yost
Gloria Charles

Performing Parasites

(DPHHS)

JoAnne Thun
Dwain Lowry
Jessica Urban
Kenneth Walton
Liz Evans
Walter Walsh
Debbie Gibson
Kathy Martinka

CONGRATULATIONS TO THESE TEAMS AND TO ALL STATE EMPLOYEES WHO PARTICIPATE IN THE PROGRAM AND WORK TO IMPROVE THEIR HEALTH!

The following agencies had teams participate in this year's Program:

Department of Administration, 9 teams
Department of Commerce, 3 teams
Department of Environmental Quality, 1 team
The Governor's Office, 1 team
Department of Labor & Industry, 12 teams
Department of Natural Resources, 6 teams
Department of Public Health & Human Services, 51 teams
State Fund, 1 team
Department of Transportation, 4 teams

State Auditor's Office, 1 team
Department of Corrections, 7 teams
Department of Fish, Wildlife & Parks, 3 teams
Department of Justice, 5 teams
Legislative Services Division, 2 teams
Office of Public Instruction, 3 teams
Department of Revenue, 11 teams
Secretary of State, 1 team

The State HealthBeat Program also sponsors the biennial health screenings and a partial cost reimbursement program for employees who attend approved fitness or nutrition programs. Currently, the entire HealthBeat Program is being reviewed with the assistance of employee focus groups and providers. If you have ideas for program changes that will be more effective in achieving lifestyle improvements, send them to the Employee Benefits Bureau, PO Box 200127, Helena, MT 59620 or e-mail to healthbeat@mt.gov.

**COMMITTEE ON PUBLIC EMPLOYEE RETIREMENT SYSTEMS:
SUMMARY OF ACTIVITIES AND PRELIMINARY RECOMMENDATIONS**

Prepared by Sheri S. Heffelfinger, Legislative Research Analyst
Office of Research and Policy Analysis
July 15, 1998

The 1997 Legislature enacted a bill, House Bill No. 90, which directed the Committee on Public Employee Retirement Systems (CPERS) to "modify or replace" the current Public Employees' Retirement System (PERS). House Bill No. 90 requires that the new or modified plan provide:

- "(a) increased portability of contributions;
- (b) increased flexibility to allow plan members a choice in:
 - (i) selecting, from a group of set amounts, the amount of the member's contribution to the retirement plan;
 - (ii) directing investments; and
 - (iii) selecting the form of the benefit payout;
- and
- (c) a retirement plan component that will provide for a specified benefit in retirement."

CPERS is a statutory, bi-partisan, legislative committee comprised of eight legislators, four from each house. It meets only during the interim between legislative sessions (unless a special need arises).

To fulfill its responsibilities under HB 90, CPERS hired, through a public bid process, a benefits consulting firm called Actuarial Sciences Associations, Inc. (ASA). The consultants were asked to assess the goals of members and employers, and the personnel policy goals of the legislature and the Public Employees' Retirement Board, to develop and analyze options, and to provide recommendations. In January this year, ASA conducted 12 employee focus groups and 6 focus groups of employer representatives in 10 locations throughout the state. The focus groups also included a written survey of group participants. ASA consultants also met with the retirement board, key state-level officials, and CPERS to discuss public policy issues and personnel objectives related to the retirement plan. To inform PERS members and receive comments, CPERS conducted video conferences that included 19 sites around the state.

In February, ASA presented the focus group results, three plan design options, and recommendations.

CPERS decided to develop a Modified PERS (MPERS), which consists of a choice between the current PERS Defined Benefit (DB) plan with two changes related to paying for post-retirement health benefits, and a new Defined Contribution (DC) plan. Under a DC plan type, contributions are deposited to individual accounts. Each participant can direct their own investments from a preselected menu of options, much like the state's 457 deferred compensation plan. In addition to shifting investment control, a DC plan also shifts market risks from the employer to the employee and the plan does not provide a defined benefit at retirement. A member's retirement benefit will depend on the individual's account balance at retirement, which depends on contributions and investment earnings.

In May, ASA presented Report No. 2, which analyzed how the MPERS would affect plan funding and five hypothetical employee circumstances. ASA's most recent report, Report No. 3, addresses plan governance and administration issues.

CPERS will meet again on August 5-6, 1998, in Room 104 of the State Capitol to further refine its preliminary recommendations. Public comment is welcome at all CPERS meetings and written comments are also encouraged. After CPERS finalizes recommendations sometime in October, a committee bill (or bills) to establish the MPERS will be introduced to the 1999 Legislature, which will debate, possibly amend, and act on the bill. If passed, implementation of the MPERS could take 18 to 24 months, or more, before PERS members would actually see any changes.

Each of ASA's reports (except complicated graphs and tables), committee minutes, meeting information, CPERS's preliminary recommendations, and other information is available through the CPERS Internet site at: http://www.mt.gov/leg/branch/pers_main.htm or by contacting Sheri Heffelfinger at the Legislative Services Division, 444-3064.

DEQ EMPLOYEE REWARDED FOR SUGGESTING SELF AUDIT PROGRAM- WHICH, IN TURN, REWARDS OTHERS

In January 1997, a *Self Audit Program*, which rewards State Health Plan members who discover errors in medical bills, was implemented - thanks to **Paul Cartwright** with the Department of Environmental Quality. Paul noticed errors in medical bills for his children which prompted him to propose the *Self Audit Program*, through the *State Incentive Awards Program*, to encourage all Plan members to review medical bills and catch errors -- thus saving the State Health Plan, and State employees, money.

Under the *State Incentive Awards Program*, suggestions for methods/procedures to either improve efficiencies or save money in State programs can be submitted to State agencies for an award. Submitted ideas are reviewed and evaluated by the affected agency(ies). If a submitted idea is implemented and determined to create efficiencies and/or save money, the employee who submitted the idea may receive a percentage (up to \$1,000) of the savings.

Paul received the \$1,000 maximum *State Incentive Program* award for his *Self-Audit Program* idea. During the *Self Audit Program's* first year of operation, 13 other State employees received \$6,000 in *Self-Audit Program* awards for discovering over \$19,000 in medical overcharges, and the State health plan netted \$13,000 in savings.

The *Self-Audit Program* works as follows:

1. **Plan members --**
 - a. Review claims and bills for covered health care services;
 - b. If errors are detected, contact the Provider and work out a corrected billing; and
 - c. Collect necessary documentation (original and corrected statements) and submit to Blue Cross and Blue Shield.
2. **Blue Cross/Blue Shield --**
 - a. Will verify submitted information;
 - b. Ensure the error was not previously detected and corrected; and
 - c. If the error was not previously detected, process adjustments, calculate the savings and send a check for half of the calculated savings, up to \$1,000, to the Plan member.

For more information on the *Self Audit Program*, contact Blue Cross/ Blue Shield at 444-8315 or 1-800-423-0805.

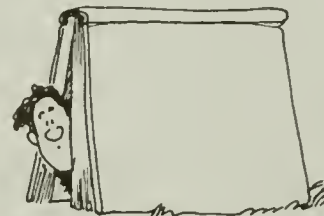
For more information on the *State Incentive Award Program*, contact your Agency Personnel Officer.

??? Questions & Answers ???

Q: Several years ago, the Employee Benefits Bureau offered State employees the opportunity to purchase medical self-help books - at discounted prices. Is this offer still available?

A: *The medical self-help books previously offered were "Take Care of Yourself" from Healthtracsm at \$8/book and, more recently, the Mayo Clinic HealthQuest Guide to Self-Care at \$6/book. The supply of both these books has been depleted. The Employee Benefits Bureau will purchase an additional supply provided there is sufficient demand from employees to meet bulk purchasing requirements --1000+ books.*

If you are interested in purchasing a book, please contact the Employee Benefits Bureau as indicated below. Your name and interest will be kept until sufficient demand is made to warrant purchasing more books (or we'll let you know that the necessary quantity was not met.)



The Department of Administration is dedicated to providing the best possible benefit plans for the revenues and statutory authority provided.

If you have questions, concerns or personal experiences with the benefits provided or with saving health care costs that you would like to share, please send them to:

Benefits Bulletin
Employee Benefits Bureau
PO Box 200127
Helena, MT 59620-0127

or e-mail: healthbeat@mt.gov

Each edition of the Benefits Bulletin will attempt to answer the most commonly asked questions and pass along tips from members on how to be a wise health care consumer.

Alternate accessible formats of this document are available. Call 444-7462 or TDD relay 1-800-253-4091.

